

## Message Text

CONFIDENTIAL

PAGE 01 LISBON 06234 01 OF 04 111727Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-07 L-03  
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06  
ACDA-07 TRSE-00 AID-05 OMB-01 OPIC-03 AF-10 NEA-10  
EB-08 IO-13 /116 W  
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R 111627Z AUG 77  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC 2596  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY MADRID  
AMEMBASSY MOSCOW  
AMCONSUL OPORTO  
AMEMBASSY PARIS  
AMCONSUL PONTA DELGADA  
USMISSION NATO  
DIA WASHDC  
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 4 LISBON 6234

E.O. 11652: GDS  
TAGS: PINT, PO  
SUBJECT: THE PCP ELECTION CALL: AN ASSESSMENT

REF: (A) LISBON 5994 (DTG: 021806Z AUG 77)  
(B) LISBON A-219  
(C) MOSCOW 11437 (DTG: 081510Z AUG 77)

SUMMARY: THE PCP CALL FOR RESIGNATION OF THE SOARES  
GOVERNMENT AND ELECTIONS WITHIN 90 DAYS SIGNALS THE END  
OF COMMUNIST EFFORTS TO FORGE A PARLIAMENTARY ALLIANCE  
WITH THE SOCIALISTS. THE PCP IS LIKELY TO STEP UP THE  
RHETORIC AND THE RALLIES, INCREASE THE LEVEL OF LABOR  
AGITATION, AND OFFER DETERMINED BUT NONVIOLENT RESISTANCE  
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PAGE 02 LISBON 06234 01 OF 04 111727Z

TO MOVES AGAINST PCP COLLECTIVES IN THE RURAL ALENTEJO.  
THE PCP IS STILL DANGEROUS AND CAN COMPLICATE ECONOMIC  
RECOVERY EFFORTS. BUT THE COMMUNISTS WILL PROBABLY STOP  
SHORT OF PROVOKING A MAJOR CONFRONTATION WITH THE  
AUTHORITIES. WE SEE THE PCP DECLARATION AS AN IMPORTANT  
ADMISSION OF WEAKNESS. END SUMMARY.

1. THE PCP THROWS DOWN THE GAUNTLET: THE PCP CENTRAL COMMITTEE STATEMENT ISSUED ON JULY 31 CALLED FOR: RESIGNATION OF THE SOARES GOVERNMENT; SUSPENSION OF ECONOMIC LEGISLATION RECENTLY PASSED BY THE ASSEMBLY; AND GENERAL ELECTIONS WITHIN 90 DAYS (REF A). PARTY LEADER CUNHAL, ANNOUNCING THE CENTRAL COMMITTEE CONCLUSIONS, CHARGED THAT THE SOCIALIST GOVERNMENT HAD RENEGED ON ITS CAMPAIGN PROMISES, VIOLATED THE CONSTITUTION, AND BECAME A TOOL OF REACTION AGAINST THE INTERESTS OF THE WORKING CLASS.

2. THE PARTY LINE: THE PCP EXPLANATION FOR ITS ACTIONS IS STRAIGHTFORWARD: THE COMMUNISTS HAVE GIVEN UP ON THE SOCIALIST ADMINISTRATION; A NEW GOVERNMENT CAN BE NO WORSE THAN THE CURRENT ONE; AND, FROM THE PCP STANDPOINT, ANY CHANGE IS BOUND TO BE BETTER. AS A MINIMUM, A NEW GOVERNMENT WOULD NOT BE ABLE TO HIDE BEHIND LEFTIST RHETORIC. WHILE TALKING TOUGH, HOWEVER, THE PCP SPECIFICALLY DENIED ANY INTENTION TO PURSUE ITS OBJECTIVES BY EXTRA-CONSTITUTIONAL MEANS.

3. OTHER EXPLANATIONS: THERE IS NO LACK OF HYPOTHESES FOR EXPLAINING THE PCP ACTION. THE MOST FREQUENTLY CITED PCP OBJECTIVES INCLUDE:

-- TO MASK PROBLEMS WITHIN THE PARTY. FACED WITH A SERIES OF REVERSES AND GRUMBLINGS WITHIN THE PARTY, THE LEADERSHIP

CONFIDENTIAL

PAGE 03 LISBON 06234 01 OF 04 111727Z

HAS LAUNCHED A RHETORICAL OFFENSIVE DESIGNED TO RECAPTURE THE INITIATIVE.

-- TO PUSH THE PS INTO THE ARMS OF THE PSD. A MOVE FARTHER TO THE RIGHT BY THE SOCIALISTS WOULD STIMULATE DEFECTIONS FROM THE PARTY'S LEFTWING AND GIVE THE PCP MORE MANEUVERING ROOM. A PS-PSD COALITION WOULD STRENGTHEN THE PCP ON THE LEFT AND THE CDS ON THE RIGHT. BOTH WOULD GAIN SUPPORT AT THE EXPENSE OF THE CENTER.

-- TO GET OUT IN FRONT OF THE DEMOCRATIC OPPOSITION. THE PCP ANTICIPATES A SIMILAR PUSH FOR EARLY ELECTIONS BY THE PSD AND CDS. WHEN IT COMES, THE PCP WILL BE IN A POSITION TO SAY IT IS A RESPONSE TO COMMUNIST PRESSURES.

-- TO TEST ITS STRENGTH AT THE POLLS. THE PCP THINKS IT WILL IMPROVE ITS ELECTION PERFORMANCE, PRIMARILY AT THE EXPENSE OF THE SOCIALISTS. VITOR ALVES TOLD THE AMBASSADOR THAT A REVOLUTIONARY COUNCIL SOUNDING SHOWED THE PCP AT 20 PERCENT. WE QUESTION THIS FIGURE BUT CERTAINLY THE PCP WOULD STAND TO GAIN BY AN ANTICIPATED HIGHER ABSTENTION RATE IN NEW ELECTIONS.

-- TO BRING DOWN THE GOVERNMENT IN A LAST-DITCH EFFORT TO BLOCK IMPLEMENTATION OF RECENTLY-ENACTED ECONOMIC RECOVERY MEASURES, ESPECIALLY THE AGRARIAN REFORM

LAW.

-- TO SET THE STAGE FOR AN ALL-OUT PCP OFFENSIVE TO  
DEFEND STRONGHOLDS IN THE LISBON INDUSTRIAL BELT AND  
THE RURAL ALENTEJO.

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PAGE 01 LISBON 06234 02 OF 04 111747Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-07 L-03  
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06  
ACDA-07 TRSE-00 AID-05 OMB-01 OPIC-03 AF-10 NEA-10  
EB-08 IO-13 /116 W  
-----100241 111838Z /44

R 111627Z AUG 77  
FM AMEMBASSY LISBON  
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INFO AMEMBASSY BONN  
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AMEMBASSY MADRID  
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C O N F I D E N T I A L SECTION 2 OF 4 LISBON 6234

-- TO PROMOTE A CLIMATE OF DESTABILIZATION WHICH  
WOULD EVENTUALLY LEAD TO A RETURN TO FASCISM. THE END  
OF DEMOCRACY IN PORTUGAL WOULD SERVE THE GRAND SOVIET  
DESIGN. THE PCP THRIVES IN CLANDESTINITY.  
-- TO BRING DOWN THE GOVERNMENT AS THE FIRST STEP  
IN A DESTABILIZATION CAMPAIGN INTENDED ULTIMATELY TO  
BRING THE PCP BACK INTO POWER AS PART OF A GOVERNMENT  
OF NATIONAL SALVATION.  
-- TO FORCE A POLITICAL REALIGNMENT THROUGH ELECTIONS.  
THE PCP BELIEVES THE RESULTS WOULD PRODUCE A PSD-CDS  
COALITION, WITH THE SOCIALISTS AND COMMUNISTS IN OPPOSITION.  
THE INEVITABLE FAILURE OF THE PSD-CDS FORMULA WOULD  
EVENTUALLY FORCE A POPULAR FRONT GOVERNMENT INCLUDING  
BOTH SOCIALISTS AND COMMUNISTS.  
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PAGE 02 LISBON 06234 02 OF 04 111747Z

-- BY SHOWING STRENGTH, PREVENT A LASTING PS ALLIANCE WITH THE PSD AND CDS WHICH COULD END COMMUNIST HOPES OF EVER COMING TO POWER.

4. AND OUR ESTIMATE: THE FOREGOING HYPOTHESES ARE, OF COURSE, NOT ALL MUTUALLY EXCLUSIVE. IN ASSESSING PCP MOTIVATIONS, MUCH DEPENDS UPON A CRITICAL FIRST ASSUMPTION. ARE THE COMMUNISTS ACTING FROM STRENGTH OR ARE THEY SHOWING WEAKNESS. CUNHAL SAYS THEY ARE ACTING FROM STRENGTH; THE DEMOCRATIC PARTIES DO NOT AGREE. NOR DO WE. THE PCP, FIRST AND FOREMOST, IS SEEKING TO PROTECT ITSELF. WITH THIS IN MIND:

-- THE STRING OF PARLIAMENTARY DEFEATS SUFFERED BY THE PCP CONVINCED THE COMMUNISTS THAT THERE WAS NO LONGER ANY ADVANTAGE IN CONTINUING TO SEEK UNDERSTANDINGS WITH THE PS IN THE LEGISLATIVE ASSEMBLY. CUNHAL SIGNED THE CHANGE A WEEK PRIOR TO THE CENTRAL COMMITTEE DECISION WHEN HE TOLD AN INTERVIEWER THAT THE PS PARLIAMENTARY GROUP NO LONGER REPRESENTED ITS ELECTORATE.

-- ALTHOUGH THE PCP CALL FOR NEW ELECTIONS IS A NONSTARTER, IT WAS UNDOUBTEDLY GOOD FOR PARTY MORALE. RHETORICALLY AT LEAST IT GIVES THE PCP THE INITIATIVE AND THE HEADLINES. IT SHOULD HELP TO CURB ANY TENDENCY TO EXTREMISM WITHIN THE RANKS. FOLLOWING WEEKS OF ALMOST CONSTANT EXHORTATIONS TO DEFEND AGRARIAN REFORM, SOME PCP MEMBERS UNDOUBTEDLY FAVOR A DIRECT CONFRONTATION WITH THE AUTHORITIES NOW. A FORWARD POSITION SHOULD HELP KEEP THE HOTHEADS IN LINE.

-- IT CLEARS THE DECKS FOR SYSTEMATIC PCP OPPOSITION TO AUSTERITY MEASURES WHICH THE GOVERNMENT ACKNOWLEDGES ARE ON THE WAY. AT A MINIMUM THE PCP WILL EMERGE FROM AUSTERITY WITH ITS HANDS CLEAN.

CONFIDENTIAL

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PAGE 03 LISBON 06234 02 OF 04 111747Z

5. IMPLICATIONS FOR POLITICAL SYSTEM: WHY THE PCP HAS CHOSEN TO CHALLENGE THE GOVERNMENT NOW IS LESS IMPORTANT THAN THE LIKELY POLITICAL EFFECTS OF THE DECISION.

(A) NARROWING PS OPTIONS: THE PCP ACTION SIGNALS A FORMAL BREAK BETWEEN THE SOCIALISTS AND THE COMMUNISTS. THE PROSPECT OF SYSTEMATIC PCP OPPOSITION IN THE ASSEMBLY EFFECTIVELY REMOVES THE GOVERNMENT'S LEFT OPTION THERE. IT FORCES THE PS TO DEAL WITH THE PARTIES TO ITS RIGHT. IT MAKES PARLIAMENTARY MOTIONS AGAINST THE GOVERNMENT

EASIER, ALTHOUGH CONSTITUTIONAL PROCEDURES MAKE IT DIFFICULT TO PUSH OUT THE GOVERNMENT (REF B). IRONICALLY, PCP PRESSURE, AT LEAST IN THE SHORT TERM, WILL PROBABLY STRENGTHEN PS COHESION. IN THE LONGER TERM, HOWEVER, A SKILLFULLY-MANAGED PCP CAMPAIGN AGAINST PS-ENDORSED AUSTERITY AT THE WORKERS' EXPENSE COULD HURT THE SOCIALISTS.

(B) THREAT TO PUBLIC ORDER: THE COMMUNISTS HAVE THE CAPABILITY TO PUT PEOPLE IN THE STREETS. THEY CAN MOUNT DEMONSTRATIONS, RALLIES, AND GENERALLY MAKE THINGS DIFFICULT FOR THE AUTHORITIES. DESPITE REPEATED DENIALS OF ANY INTENTION TO USE EXTRACONSTITUTIONAL MEANS, THE PCP DECLARATION IN ITSELF WILL INCREASE TENSION AND COMPLICATE IMPLEMENTATION OF AUSTERITY AND DEVELOPMENT MEASURES.

(C) ALIGNMENT OF POLITICAL FORCES: THE STILL FRAGILE PS-PSD PARLIAMENTARY UNDERSTANDING HAS LEFT SOME BRUISED FEELINGS WITHIN BOTH PARTIES. THE PS LEADERSHIP VIEWS THE UNDERSTANDING AS A PRAGMATIC NECESSITY; THE RANK

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PAGE 01 LISBON 06234 03 OF 04 111720Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-07 L-03  
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R 111627Z AUG 77  
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C O N F I D E N T I A L SECTION 3 OF 4 LISBON 6234

AND FILE WILL HAVE TO BE CONVINCED. THE PSD SIDE OF THE EQUATION IS EVEN MORE DIFFICULT: SA CARNEIRO AND HIS CLOSEST SUPPORTERS CONTINUE TO REGARD PS INTENTIONS WITH SKEPTICISM. OTHER WITHIN THE PSD LEADERSHIP ARE MORE FAVORABLY DISPOSED TOWARD THE SOCIALISTS. THIS DIFFERENCE IN APPROACH AND SA SA CARNEIRO'S IMPATIENCE WILL ACCENTUATE STRAINS WITHIN THE PSD AND COMPLICATE PS-PSD RELATIONS IN THE MONTHS AHEAD. BUT THE PCP DECLARATION SHOULD MOTIVATE THE TWO PARTIES TO TRY HARDER TO SETTLE THEIR DIFFERENCES.

(D) EFFECTS UPON THE PCP:

-- IN THE SHORT TERM, DESPITE SOME INITIAL CONFUSION AMONG CADRES, THE PCP INITIATIVE SHOULD HAVE THE INTENDED UNIFYING EFFECT. THE RHETORICAL PCP OFFENSIVE WILL PUT  
CONFIDENTIAL

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PAGE 02 LISBON 06234 03 OF 04 111720Z

THE PARTY IN A BETTER POSITION TO RESIST APPEALS TO ITS LEFT.

-- IN THE MEDIUM TERM, THE PCP IS POSITIONING ITSELF TO TAKE ADVANTAGE OF EVENTS WHICH IT IS SURE WILL COME: ADDITIONAL UNPOPULAR AUSTERITY MEASURES PUSHING THE PS FARTHER TO THE RIGHT.

-- IN THE LONGER TERM, CUNHAL KNOWS HE MUST MAKE IT WITH THE SOCIALISTS IF HE IS GOING TO ATTAIN POWER CONSTITUTIONALLY. PCP ACTIONS ARE DESIGNED TO PUT MAXIMUM PRESSURE ON THE SOCIALIST LEADERSHIP. WITHIN THE PCP, THE BREAK WITH THE PS AND THE SERIES OF PARLIAMENTARY DEFEATS WHICH PRECEDED IT WILL FURTHER ISOLATE THE FEW PCP VOICES OF RELATIVE MODERATION. PARADOXICALLY, THE DISMANTLING OF THE SO-CALLED REVOLUTIONARY CONQUESTS DESTROYS THE PRINCIPAL ARGUMENT CUNHAL HAS USED AGAINST THOSE WHO HAVE ADVOCATED A EUROCOMMUNIST OPTION FOR THE PCP. CUNHAL HAS ALWAYS CITED THESE REVOLUTIONARY ACHIEVEMENTS AS EVIDENCE THAT PORTUGAL WAS FARTHER ALONG ON THE ROAD TO SOCIALISM THAN ITS SOUTHERN EUROPEAN NEIGHBORS.

(E) ARMED FORCES: THE MILITARY ARE HIGHLY SENSITIVE TO ANY INCREASE IN PCP ACTIVITY. IN THE EYES OF THE ARMED FORCES, EVEN THE THREAT OF VIOLENCE CAN HAVE A DESTABILIZING EFFECT. PCP SABER RATTLING FANS INNATE MILITARY CONSERVATISM AND ANTI-COMMUNISM. THE CENTRAL MILITARY COMMANDER EXPRESSED THESE SENTIMENTS WELL WHEN HE POINTEDLY REMINDED THE PCP THAT LAWS DEMOCRATICALLY APPROVED ARE TO BE OBEYED.

(F) THE PRESIDENT: IT IS NO COINCIDENCE THAT SOARES, IN HIS PUBLIC RESPONSE TO THE COMMUNISTS, INTERPRETED THE PCP DEMANDS AS A DIRECT CHALLENGE TO THE PRESIDENT. PRESIDENT EANES DOES NOT LIKE TO BE THREATENED; HE ESPECIALLY DISLIKES TO BE THREATENED BY THE COMMUNISTS.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LISBON 06234 03 OF 04 111720Z

HE WILL AVOID RESPONDING DIRECTLY, BUT RELATIONS BETWEEN HIM AND CUNHAL, ALREADY STRAINED, WILL HARDLY IMPROVE.

6. IMPLICATIONS FOR U.S. INTERESTS:

(A) DEMOCRATIC INSTITUTIONS: THE PCP MOVE TO SYSTEMATIC OPPOSITION IS PROBABLY A PLUS FOR US. INCREASE COOPERATION AMONG THE DEMOCRATIC PARTIES DEFINITELY IS. THE PS-PSD UNDERSTANDING, WHICH CLEARED THE WAY FOR PASSAGE OF KEY ECONOMIC LEGISLATION, WAS THE PROXIMATE CAUSE OF THE PCP BREAK WITH THE SOCIALISTS. WITH THE PS AND PSD COOPERATING, THE ASSEMBLY PROMISES TO BE A STRONGER INSTITUTION. THE DANGER, HOWEVER, IS ONE OF POLARIZATION PERMITTING THE PCP TO LAY CLAIM TO BEING THE SOLE LEFTIST PARTY, THEREBY GAINING GROUND IN THE LABOR AREA.

(B) ECONOMIC RECOVERY: WITH MORE AUSTERITY MEASURES AND TOUGH NEGOTIATIONS WITH THE IMF ON THE HORIZON, THE GOVERNMENT WILL BE EXTREMELY VULNERABLE IN THE MONTHS AHEAD. THE COMMUNISTS WILL DO WHAT THEY CAN TO EXPLOIT THE SITUATION. WORK STOPPAGES, SLOWDOWNS, AND A GENERAL LACK OF COOPERATION WILL SERIOUSLY COMPLICATE THE GOVERNMENT'S TASK. THERE CAN BE NO SOCIAL PACT WITHOUT THE COMMUNISTS. AND THE CGTP. THE COMMUNISTS ARE NOW IN A BETTER POSITION TO EXPLOIT THE AUSTERITY PROGRAM TO BUILD UP THEIR WORKING CLASS IMAGE.

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PAGE 01 LISBON 06234 04 OF 04 111741Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-07 L-03  
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C O N F I D E N T I A L SECTION 4 OF 4 LISBON 6234

(C) WESTERN TIES: THE COMMUNISTS WILL BECOME MORE STRIDENTLY ANTI-WESTERN. ALREADY WE DETECT A STEP UP IN ATTACKS ON THE WEST AND THE U.S. IN THE PCP-CONTROLLED PRESS. THE CURRENT LINE IS THAT THE SOCIALISTS HAVE SOLD OUT TO THE UNITED STATES AND ITS AGENT THE IMF WHICH, IN EXCHANGE FOR FINANCIAL SUPPORT, IS DEMANDING AUSTERITY AND THE RESTORATION OF CAPITALIST PRIVILEGES. COLD WAR THEMES ARE BEING REINTRODUCED. WE CAN EXPECT INCREASED OPPOSITION TO GOP EFFORTS TO PURSUE AN EVEN-HANDED APPROACH TOWARD ARAB-ISRAELI PROBLEMS. THE PCP SHARES THE ARAB INTEREST IN ENSURING THAT THE AZORES ARE NOT AVAILABLE FOR MID-EAST RESUPPLY OPERATIONS AND WILL EXPLOIT ARAB UNHAPPINESS WITH THE GOP TO PRESS THE POINT.

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PAGE 02 LISBON 06234 04 OF 04 111741Z

7. THE MOSCOW CONNECTION: CUNHAL'S SUDDEN DEPARTURE FOR MOSCOW HAS FUELED SPECULATION THAT HE IS THERE TO RECEIVE INSTRUCTIONS. THE PRESENCE IN MOSCOW OF SOVIET AMBASSADOR KALININ SUGGESTS THAT A MAJOR STRATEGY SESSION IS UNDERWAY. EMBASSY MOSCOW MAY WISH TO COMMENT. DESPITE THE SETBACKS SUFFERED SINCE NOVEMBER 1975, MOSCOW STILL HAS A LARGE STAKE IN THE PCP. A PRECIPITATE DECLINE IN THE FORTUNES OF THE PCP, THE MOST SLAVISHLY PRO-MOSCOW PARTY IN WESTERN EUROPE WOULD REPRESENT A SIGNIFICANT SETBACK IN MOSCOW'S CONTINUING WAR OF WORDS WITH THE EUROCOMMUNISTS. THE PERFORMANCE OF CUNHAL AND THE PCP IS OFTEN COMPARED WITH THAT OF CARRILLO AND THE PCE. CUNHAL ENCOURAGES THE COMPARISON. HE PRACTICALLY GLOATED OVER THE POOR PCE ELECTION PERFORMANCE. THE RECENT PRAVDA SMEAR OF CARRILLO IS ANOTHER INDICATION THAT CUNHAL AND MOSCOW ARE ON THE SAME WAVE LENGTH (REF C).

8. THE PROGNOSIS: WITH SO MUCH AT STAKE WE BELIEVE MOSCOW WILL COUNSEL CAUTION AND SEEK TO PRESERVE ITS DIMINISHING OPTIONS. WE BELIEVE CUNHAL, FOR HIS OWN REASONS, WILL BE RECEPTIVE. UNPON HIS RETURN, THE PARTY IS LIKELY TO STEP UP THE RHETORIC AND THE RALLIES,



INCREASE THE LEVEL OF LABOR AGITATION, AND OFFER  
DETERMINED BUT NONVIOLENT RESISTANCE TO MOVES AGAINST  
PCP COLLECTIVES IN THE RURAL ALENTEJO. A GENERAL STRIKE  
IS A POSSIBILITY. BUT THE PCP ABILITY TO BRING IT OFF  
IS DOUBTFUL. THE SOCIALISTS TELL US THAT PCP SOUNDINGS  
AMONG PARTY SUPPORTERS INDICATED MANY WOULD NOT RISK THEIR  
JOBS FOR A POLITICALLY MOTIVATED WORK STOPPAGE. THE  
AUTHORITIES WOULD HOLD THE CGTP LEADERSHIP AND THE  
PARTY ITSELF DIRECTLY RESPONSIBLE FOR ANY ATTEMPT TO  
PARALYZE THE ECONOMY. THE COMMUNISTS WILL PROBABLY STOP  
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PAGE 03 LISBON 06234 04 OF 04 111741Z

SHORT OF A MAJOR CONFRONTATION WITH THE AUTHORITIES. A  
KEY ELEMENT OF THE NEAR-TERM PCP STRATEGY IS LIKELY TO  
BE A REDOUBLED EFFORT TO CONSOLIDATE CONTROL OVER PCP  
COLLECTIVES TO IMPROVE PROSPECTS FOR RESISTING  
APPLICATION OF THE RECENTLY-APPROVED AGRARIAN REFORM  
LEGISLATION. THE COMMUNISTS ARE LIKELY TO PICK UP THE  
TEMPO OF ACTIVITY IN THE LISBON INDUSTRIAL BELT, IN PART  
AS A DIVERSIONARY EFFORT DESIGNED TO EASE PRESSURE ON  
PCP COLLECTIVES IN THE ALENTEJO. BUT UNLIKE, THE  
PORTUGUESE PESSIMISTS, AND THERE ARE MANY OF THOSE, WE  
SEE THE PCP DECLARATION AS AN ADMISSION OF WEAKNESS  
RATHER THAN SOME DIABOLICALLY CLEVER MANEUVER WHICH WILL  
CATAPULT THEM SUDDENLY INTO A POSITION WHEREBY THEY CAN  
MAKE THE GOVERNMENT AND THE PRESIDENT BEND TO THEIR WILL.  
EANES AND SOARES ARE NOT ABOUT TO LET THAT HAPPEN.  
CARLUCCI

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## Message Attributes

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**Channel Indicators:** n/a  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 9  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 77 LISBON 5994, 77 LISBON A-219, 77 MOSCOW 11437  
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**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009